

The City is committed to providing the highest quality water and sewer services at the lowest possible rates. To ensure this commitment, each year the City evaluates its infrastructure needs, operations and maintenance costs for the next year. Based on this evaluation, rate increases are proposed for 2017.

Why are you receiving this notice?

The City of Poway is mailing this notice to you because you are a water and/or sewer customer responsible for payment of water and/or sewer fees, or you are the owner of record for a property that receives water and/or sewer service. This notice describes proposed increases to water rates ranging from approximately 7.75% to 8.75%, and provides notice of the upcoming public hearing at which these proposed changes will be considered by the Poway City Council.

If the proposed rates are approved, the bimonthly water and sewer bill for a typical single-family residential customer, who uses 22 units of water bimonthly, and is assigned to sewer tier 2, will increase by \$10.92. The City Council previously approved a *temporary* partial credit toward the Drought Recovery Surcharge for single family residential customers. This credit will expire in December 2016, resulting in higher water charges for these customers.

What are the reasons for rate increases?

The primary reason for the rate increases is reduced water sales coupled with the increased price of wholesale water purchased from the San Diego County Water Authority. Additionally, the City has scheduled capital improvement projects that are essential to maintain safe, reliable, and cost-effective water and sewer services for the Poway community.

State mandated regulations that required Poway to reduce its water consumption resulted in a significant impact on the City's water revenues and proposed rates. Fixed costs to operate and maintain the water system remain the same regardless of water sales. The rate increases explained in this notice are proposed to go into effect in January 2017.



Protests

The City Council will hear and consider all written and oral protests to the proposed rate adjustments at the public hearing. Oral comments at the hearing will not qualify as formal protests unless accompanied by a written protest. Only one written protest will be counted per identified parcel. While email is not an official rate protest mechanism under Proposition 218, the City Council values resident input and will read all email correspondence regarding rates. Written protests must include:

- A description of the property, such as the address or assessor's parcel number; and
- The name and signature of the customer submitting the protest.

The City Council will receive a final tabulation of all written protests received by the City Clerk. Written protests must be received by the City Clerk's office no later than 4:30 p.m. January 10, 2017, or can be submitted in writing in the Council Chambers before the public hearing is closed. The Council will then consider and may adopt the rate changes described in this notice. If a majority of the affected customers file written protests, the proposed rate structure and rate adjustments will be reconsidered.

Please send written protests to:
City Clerk of the City of Poway, P.O. Box 789
Poway, CA 92074-0789

Proposed Water Rates

Reasons for Water Rate Increases

Supply Cost

The Metropolitan Water District (MWD) is the primary water supplier for the San Diego County Water Authority (CWA), which is the wholesale supplier for the City.

MWD and CWA increased rates for 2017. CWA rates now include cost recovery charges for adding desalinated water to the region's water supply.

Pass-Through Costs

Pass-through costs, including the purchase of raw water, are about 62 percent of the City's cost for providing water service to its customers.

The City's ongoing efforts to control and reduce its own costs has helped to mitigate MWD/ CWA's price increases.

Cost Recovery

The City is increasing its capital reinvestment in the water system to ensure the continued reliability of the City's aging system.

The proposed rates are necessary for recovering the costs of providing a safe and reliable drinking water supply to our customers.

FIXED CHARGES Based on Meter Size	CURRENT	EFFECTIVE 1/01/17
5/8-inch, 3/4-inch, and 1-inch Fire	\$34.28	\$37.28
1-inch	\$57.13	\$62.13
1-1/2-inch	\$114.24	\$124.24
2-inch	\$182.79	\$198.78
3-inch	\$342.74	\$372.73
4-inch	\$571.22	\$621.20
6-inch	\$1,142.45	\$1,242.41
8-inch	\$1,827.90	\$1,987.84
COMMODITY RATE Per Unit (1 Unit = 748 Gal.) Based on Customer Type	CURRENT	EFFECTIVE 1/01/17
Single-Family Residential; Two Blocks		
Block 1: 1-199 Units	\$4.60	\$4.96
Block 2: 200+ Units	\$6.56	\$7.07
Multi-Family	\$4.69	\$5.05
Landscape Irrigation	\$4.69	\$5.05
Nonresidential	\$4.69	\$5.05
Drought Recovery Surcharge (<i>temporary</i>)	\$0.75	\$0.75

Reclaimed Water The reclaimed water rate will be 90 percent of the nonresidential commodity rate in effect.

Raw Water The basic raw water rate will be the raw water cost from CWA, associated fixed charges and a City surcharge as established by separate agreement.

Other Rates and Fees Any water rates or fees associated with water service, including raw water, not addressed within this notice shall remain in full force and effect as previously adopted by the Poway City Council.

Water Rates and Charges Pay for...

Raw Water

About 99.5% of Poway's raw water needs are met through importing water from the San Diego County Water Authority. The Water Authority's two main sources of raw water are from the Northern California Aqueduct, and the Colorado River Systems.


Treatment

About four billion gallons of water are treated annually at the Lester J. Berglund Water Treatment Plant (adjacent to Lake Poway).

Delivery

Water is delivered to the community through the water distribution system pumps and 289 miles of pipe.

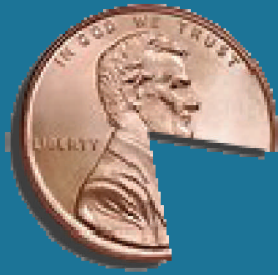
All revenue from customer charges is used exclusively to operate, maintain, and rehabilitate the water system.



Did you know ?

Tap water is a TRUE bargain

Although the cost of water has risen, tap water is still the best deal around at less than a penny a gallon.



One Gallon = \$0.0078



Temporary Drought Recovery Surcharge

Due to record-setting drought conditions, the State of California adopted mandatory reductions in Poway's water consumption. While this was essential to help address the state's water shortage, reduced consumption caused a substantial decline in the revenue necessary to sustain the City's water system. This condition is largely responsible for the near complete depletion of the City's Water Fund reserve.

As the fixed costs to operate and maintain Poway's water system remain the same regardless of water sales, the City implemented a temporary Drought Recovery Surcharge of \$0.75 per unit effective January 2016. This surcharge provides necessary cost recovery while drought conditions remain in effect.

Between January 2016 and December 2016, a partial suspension of the Drought Recovery Surcharge was in effect for single-family residential customers, by application of a credit equal to the Surcharge on the first 22 units of bimonthly water consumption. Beginning January 2017, the credit expires and this will result in increased water charges for single-family residential customers of up to \$16.50 bimonthly (22 units x \$0.75).

Elimination of the Surcharge is anticipated by December 2018, when it is expected that the City's water revenue losses will be recovered.



City of
POWAY
CALIFORNIA

PO Box 789
Poway, California 92074-0789
www.poway.org

DATED MATERIAL—DO NOT DELAY DELIVERY

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Important Information about your Water and Sewer Account

Facts About Poway's Water & Sewer System

Close to 100%	The percentage of water Poway imports through the San Diego County Water Authority.
\$22 million	The cost to provide water service in Poway per year. Sewer service costs (contracted with the City of San Diego) are approximately \$8.8 million per year.
More than half	The amount of pass-through costs (raw water, sewer treatment) in the City's water and sewer expenditures.
\$2.8 million	Annual City expenditures for water and sewer system improvement projects for each of the next five years (based on maintenance needs assessments).

NOTICE OF PUBLIC HEARING ON PROPOSED WATER RATES

Date:

Tuesday, January 10, 2017 at 7 p.m.

Location:

City Council Chambers
13325 Civic Center Drive, Poway, California

On Tuesday, January 10, 2017 at 7 p.m. the Poway City Council will consider adopting proposed changes to water charges. The rate adjustments under consideration will become effective January 1, 2017 for all bills mailed on or after March 1, 2017. The City bills for water and sewer service bimonthly (every two months) based on consumption during the two months prior to the billing date.

*If you have questions regarding this notice,
please contact Customer Services at (858) 668-4401*